



DATE: May 17, 2016

TO: Thomas J. Bonfield, City Manager

THROUGH: Wanda S. Page, Deputy City Manager

FROM: Bertha T. Johnson, Director of Budget & Management Services  
Lisa Henty, Acting Principal Budget Analyst

RE: Request to amend the FY2015-16 Budget and other grant project ordinance amendments.

## **EXECUTIVE SUMMARY**

In the course of the fiscal year, certain adjustments to the operating budget ordinance are necessary. This is the fourth and final such amendment for FY 2015-16, commonly referred to as the cleanup amendment. In addition to an operating budget amendment, this item includes several grant project ordinance amendments and an adjustment to the Employee Insurance Internal Service Fund.

## **RECOMMENDATION**

The Administration recommends the City Council adopt a budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2015-16, the same being Ordinance # 14808;

The Administration recommends the City Council adopt the U.S Department of Housing and Urban Development Community Development Block Grant (CDBG) FY 2014-15 Grant Project Ordinance superseding GPO # 14601;

The Administration recommends the City Council adopt the U.S Department of Housing and Urban Development Community Development Block Grant (HOME) FY2014-15 Grant Project Ordinance (GPO) Superseding GPO # 14602;

The Administration recommends the City Council adopt the North Carolina Department of Environment and Resources Clean Water Management Trust Fund Grant FY2011-12 Grant Project Ordinance (GPO) Superseding GPO # 14209;

The Administration recommends the City Council adopt the FY 2015-16 Transit Planning and Capital Grant Project Ordinance (GPO) Superseding GPO # 14790;

Finally, the Administration recommends the City Council adopt a Resolution superseding Resolution #9944 to amend the Employee Insurance Internal Service Fund Fiscal Year 2015-16 Financial Plan for the purpose of appropriating fund balance for additional anticipated claims expenses.

## **BACKGROUND**

Any time an ordinance requires change, the revisions require City Council approval. Budget and Management Services typically brings two to four budget amendments forward each year. Three amendments have already taken place in FY 2015-16 which included amendments to the operating budget, several grant project ordinances, capital project ordinances and the internal service fund spending plan resolution. Budget and Management Services attempts to combine amendments and small grants in a single agenda item for efficiency.

## **ISSUES/ANALYSIS**

The following amendments are included:

The Cemetery Fund is appropriating \$1.18M from fund balance to cover the costs associated with cemetery upgrades. This amendment will recognize the \$1.18M transfer from the Cemetery Fund to the General Fund for CIP related expenses.

The Department of Community Development is amending two grant project ordinances (GPOs) and making an amendment to the Dedicated Housing Fund. These items are to correct for actual or expected awards that differ from the original GPOs. These include the U.S Department of Housing and Urban Development Community Development Block Grant (CDBG) and U.S Department of Housing and Urban Development Community Development Block Grant (HOME). In addition, the Dedicated Housing Fund required an appropriation from fund balance in the amount of \$298,718 for costs associated with the remaining costs with the Southside project.

The Department of Public Works is amending the North Carolina Department of Environment and Resources Clean Water Management Trust Fund Grant FY2011-12 Grant Project Ordinance. This adjustment is to correct for actual awards that differ from the original GPO.

The Department of Transportation is amending FY 2015-16 Transit Planning and Capital Grants. This adjustment is to correct for actual or expected awards that differ from the original GPO.

The Department of Finance has recommended that the LEO Special Separation and Other Post Employment Benefit Funds be zeroed out and closed to align with general accepted accounting principles. The LEO Special Separation Fund will be incorporated into the General Fund for future budget years and the Other Post Employment Benefit Fund will be incorporated into the Employee Insurance Internal Service Fund. There is no material financial impact with these changes.

Finally, the Employee Insurance Internal Service Fund requires an amendment for the purpose of appropriating fund balance for additional anticipated claims expenses in the amount of \$3.6 million.

## **ALTERNATIVES**

If the City Council does not approve these amendments, the ordinances will be incorrect and the City would be out of compliance with NC General Statutes.

## **FINANCIAL IMPACT**

The approval of this budget amendment will increase the General Fund by \$1.18M due to the transfer from the Cemetery Fund to the General Fund for CIP related expenses.

The Dedicated Housing Fund required an appropriation from fund balance in the amount of \$298,718 for costs associated with the remaining costs associated with the Southside project.

The LEO Special Separation and Other Post Employment Benefit Funds are being zeroed out and closed. These budgets will be moved to the Employee Insurance Fund and the General Fund, respectively in future budget years. This change is to align with general accepted accounting principles and there is no material financial impact.

The Grant Project Ordinance amendments are relatively minor so will not materially affect current year activities.

The Internal Service Funds Resolution appropriates \$3.6 million from fund balance for the Employee Insurance Fund to address anticipated claims expenses.

## **SDBE INFORMATION**

Not applicable.

## **ATTACHMENTS:**

- Budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2015-16, the same being Ordinance # 14808

- U.S Department of Housing and Urban Development Community Development Block Grant (CDBG) FY 2014-15 Grant Project Ordinance superseding GPO # 14601
- U.S Department of Housing and Urban Development Community Development Block Grant (HOME) FY2014-15 Grant Project Ordinance (GPO) Superseding GPO # 14602
- North Carolina Department of Environment and Resources Clean Water Management Trust Fund Grant FY2011-12 Grant Project Ordinance (GPO) Superseding GPO # 14209
- FY 2015-16 Transit Planning and Capital Grant Project Ordinance (GPO) Superseding GPO # 14790
- Resolution superseding Resolution #9944 to amend the Employee Insurance Internal Service Fund Fiscal Year 2015-16 Financial Plan